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SENATE BILL 2707 By
Cooper

HOUSE BILL 2495
By Caldwell

AN ACT to amend Tennessee Code Annotated, Title 56, relative to the qualifications of medical directors of certain entities providing health care services regulated under this title.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 32, Part 2, is amended by adding a new section thereto, as follows:

Section ____.

(a) An entity that is regulated under this part, including any that may also be regulated under Chapter 29 of Title 56 and expressly including TennCare Managed Care Organizations ("MCOs") and Behavioral Health Organizations ("BHOs"), shall designate a physician licensed to practice in this state to serve as medical director for medical services provided in Tennessee by such entity. The medical director shall be responsible for the treatment policies, protocols, quality assurance activities and utilization management decisions of the entity.

(b) Such medical director shall ensure that:

(1) Any utilization management decision to deny, reduce or terminate a health care benefit or to deny payment for a health care

service, on the basis that the service is not medically necessary, shall be made by a physician or by a person licensed to provide the type of benefit or service at issue; and

(2) A utilization management decision shall not retrospectively deny coverage for health care services provided to a covered person when prior approval was obtained from the entity for those services, unless the approval was based upon fraudulent, materially inaccurate, or misrepresented information submitted by the covered person or the participating provider.

(c) Any such medical director who is not licensed in Tennessee shall have thirty (30) days from the effective date of this act, or the date designated as medical director, if later, to apply for Tennessee licensure.

(d) Material noncompliance with this section may constitute a basis for the commissioner to suspend or revoke any certificate of authority issued to the entity, pursuant to Section 56-32-216.

SECTION 2. The provisions of this act shall not apply to plans exempt from state regulation under § 514 of the Employee Retirement Income Security Act of 1974 ("ERISA")(Public Law 93-406, 88 Stat. 829).

SECTION 3. This act shall take effect July 1, 2000, the public welfare requiring it.